

**Washington Horse Racing Commission
Meeting Minutes
January 11, 2013 & January 30, 2013**

The meeting convened at 9:30 A.M. at the Auburn City Council Chambers, Auburn, Washington. Present were: Jeff Colliton, Chair; Paul George, Commissioner; Representative Joe Schmick, Ex-officio member; Robert J. Lopez, Executive Secretary; Patty Sorby, Confidential Secretary.

Chairman Colliton welcomed those present and spoke about Dr. Bud Hallowell's resignation from the Commission. Chairman Colliton spoke about how much he had appreciated his participation on the Commission and his veterinary expertise on issues. He also said that he would continue to consult Dr. Hallowell in the future and wished him well. Chairman Colliton welcomed Representative Joe Schmick.

Item #1. Approval of the meeting minutes of November 9, 2012.

Commissioner George moved to approve the minutes as submitted. Chairman Colliton seconded the motion. Unanimously approved.

Item #2. Commissioner's report.

Chairman Colliton spoke about Commissioner George and Doug Moore, Deputy Secretary's attendance at the symposium on racing. The WHRC was successful in gaining a seat on both the Board of Directors and the Model Rules Committee with the Association of Racing Commissioners International (ARCI).

Commissioner George spoke about his attendance at the symposium and that simulcasting was the major focus along with marketing and was geared more for the international audience. He spoke about the new Tote technology and the use of I-phones and I-pads and other 'smart' devices to make wagers. He said the conference was well attended, and spoke about the changes in regulations that are taking place in New Mexico after the sensational news story that had come out about them in 2012.

Sophia Mangalee, Marketing Director, for Emerald Downs spoke about her attendance at the symposium and about the program regarding retired racehorses which has been very successful. Emerald Downs is hoping to resurrect the Prodigious Fund which promotes the care for retired racehorses. The session on new media was good for Emerald Downs, the ability to get more publicity. Overall she felt this was a very good conference.

Doug Moore reported on the actions of the model rules committee. He said the few rules that were passed were inconsequential. One rule regarded security reporting requirements by the

Associations. He said language would be coming out in the next few weeks. Other rules dealt with medication issues. Threshold changes were tabled. He said that Commission staff does not support regulating therapeutic medications with published withdrawal times, but rather support quantitative threshold levels in post-race blood and urine samples. The April 2013 meeting in New Orleans will hopefully have more information on these topics. Mr. Moore said that the Model Rules Committee seemed somewhat dysfunctional at times, and that the members could not agree on a solution in order to move forward. He said the main fear is that if something isn't done as a regulatory body, the federal government will step in and make those decisions for the industry.

Item #3. Industry reports:

a. Emerald Downs.

Sophia Mangalee reported for Emerald Downs. The handle continues to be down 5.5 percent and the stable area opens Friday, February 1st. Emerald Downs had received 29 stall applications so far with a total of 468 horses. Emerald is also anticipating some horse shortages due to some of the larger stables not returning. There is an expectation that Portland Meadows will have a similar season as last year. She said Emerald Downs Marketing has signed with new media buyer; Merlino Bauer a Seattle firm that comes highly recommended; they have worked a long time in the Seattle market. Ms. Mangalee reported on the handicapping contest Emerald Downs held on January 5th. There were 42 entrants and it generated \$7,300 in handle. The top ten will advance to the mini-finals. The next leg of the contest will be in February.

Chairman Colliton asked whether Portland Meadows was going to race this year. Jack Hodge, VP, Emerald Downs said he had heard that they're planning on the same season as 2012 but it's not set yet. He also had heard Portland Meadows is going to their legislature in a hope to find relief in additional gaming funding. Mr. Hodge said Portland Meadows stable area is completely closed and they will need extra time to prepare when they open so there is a possibility Portland Meadows may open sooner than expected.

Chairman Colliton asked if anyone knew about a company called Monarch. They had closed all satellites from California citing contract negotiation problems. Bob Fraser, VP Operations, Emerald Downs had heard of them, but wasn't familiar with them specifically and would be able to find out more and let Chairman Colliton know.

b. WA HBPA.

Ron Maus, President wanted to reiterate the appreciation for Dr. Bud Hallowell and his regret on his resignation from the Commission. He thanked Dr. Hallowell for his participation in the industry and thanked him for his time. Mr. Maus congratulated Robert Lopez, Executive Secretary on his pending retirement. Mr. Maus commented regarding the symposium. He generally feels that in Washington there is a good alignment with all factions in the industry. He agreed with Mr. Moore's comments regarding the need to have science support in thresholds in medications utilized by the horse industry. Mr. Maus said he felt that Lasix does improve a horses' performance by keeping that horse from bleeding. He feels that Washington is the

cleanest jurisdiction in the country. He commented on the Portland Meadows that there is no economic basis to exist in Portland Meadows. He went on to say that there isn't any money from an economic standpoint and it just does not make sense for them to continue. In the instance of British Columbia, they value the horse industry and have made changes to enhance the purses from the casino monies collected.

MaryAnn O'Connell, Executive Director WHBPA congratulated the Commission on becoming represented on the ARCI board. She said that was a very good thing. She said medication is very important and the need to take more time to look at medication thresholds and make sure the science is behind any changes.

Chairman Colliton mentioned the recent ARCI president's message contained three pages of medication changes that are being recommended to their board for passage.

c. WTBOA.

Anne Sweet, Editor, reported for the WTBOA. She also thanked Dr. Hallowell. Ms. Sweet said the annual awards banquet is Saturday, February 16 and invited all to attend. WTBOA is moving the sale earlier in the year to the Tuesday following the Longacres' Mile. There is a lot of good energy flowing at that time and they are hoping that will carry over to the sale.

Item #4. Proposed Amendments to RCW 51.16.210 by L&I.

Robert Lopez presented and explained the changes that have received the Governor's approval concerning the horse industry account which will allow the proposed rule changes to take place, i.e.; premiums being assessed on licenses.

Commissioner George supported the amendments to RCW 51.16.210 by Labor & Industries proposed legislation. Chairman Colliton seconded the show of support.

MaryAnn O'Connell said the proposed changes make it more equitable with the pay as you go premiums instead of paying for the whole year at the time of licensing. The ability to have people come from other jurisdictions for one or two races and not have to pay for the whole year will hopefully bring more horses to race at Emerald Downs.

Unanimously approval.

Item #5. Rulemaking – Adoption Hearings:

- a. WAC 260-12-010 Definitions;
- b. WAC 260-12-180 Safety equipment required;
- c. WAC 260-32-370 Apprentice jockeys;
- d. WAC 260-44-010 Equipment changes; and
- e. WAC 260-70-545 Prohibited practices.

Mr. Moore went over the proposed amendments.

- a. WAC 260-12-010 Definitions. Regarding proposed amendments to the definitions chapter. No comments were received. Staff recommended approval.

Chairman Colliton moved to adopt the amendments as proposed. Commissioner George seconded the motion. Unanimously approved.

- b. WAC 260-12-180 Safety Equipment required. Mr. Moore said the amendments are regarding starters and assistant starters requirement to wear safety equipment. No comments were received. Staff recommends approval.

Commissioner George moved to adopt the amendments. Chairman Colliton seconded the motion. Unanimously approved.

- c. WAC 260-32-370 Apprentice jockeys. Mr. Moore explained the amendments to the apprentice jockey rules of removing the ten and seven weight allowance to five pound allowance and the ability to waive from race to race as desired, as long as they are an apprentice. Jockey Guild has requested this amendment. No comments received. Mr. Maus asked why they want this change. Mr. Moore said the overweight bothers people and to be able to waive the weight to show only one or two pounds over the stated weight is more desirable. No comments were received. Staff recommended approval.

Chairman Colliton moved to adopt the amendments. Commissioner George seconded the motion. Unanimously approved.

- d. WAC 260-44-010 Equipment changes. Mr. Moore explained a new type of equipment called the “cheek” piece, which is a piece of wool attached to the bridle that comes down the side of the horse’s face which must be declared at the time of entry, the same as the use of blinkers. No comments were received. Staff recommended approval.

Commissioner George moved to adopt the amendments as proposed. Chairman Colliton seconded the motion. Unanimously approved.

- e. WAC 260 70-545 Prohibited practices. Mr. Moore explained the amendments to this section dealt with extracorporeal shock wave therapy reporting requirements and training restrictions following its use. Horses being treated with this therapy will be posted in the race office. The amendments also include a ten day restriction to work and training of the horse the treatment. This was a request by the Jockey Guild. No comments were received. Staff recommends approval.

Commissioner George asked about the treatment procedure and Ms. O'Connell explained this treatment is very therapeutic to the horse.

Dr. Hallowell took exception to section (b) regarding who and where the treatment is used. He felt there was no way to regulate this. Ms. O'Connell said this rule only applies to horses on the grounds, the Commission has no authority to go outside the

racetrack and felt this was a non issue. This rule could only encourage the trainer to report use of the shock wave therapy.

Mr. Moore said this amendments also includes the penalty that goes in conjunction with the misuse of this treatment.

Commissioner George moved to approve the amendments as proposed. Chairman Colliton seconded the motion. Unanimously approved.

Five minute recess. (10:45 AM) Reconvened 10:50 AM.

Item #6. Executive Secretary's report.

a. Wagering recap.

Mr. Lopez recapped the wagering reports for November and December 2012.

b. Monthly financial statement.

Mr. Lopez said that we are working a month behind Department of Enterprise Services reporting due to some reporting discrepancies. Mr. Lopez said that October was in line with estimates and November was under spent according to estimates. As of the end of November 2012 our fund balance was at \$604,568.

Mr. Lopez gave the Class C purse fund account balance to be at a little over \$85,000 for funding the days that will be granted. The Class C race dates due by February 1, 2013 and Class C race dates will be considered by the Commission at the February 8th meeting.

Mr. Lopez commented on the results of the January 5th handicapping contest held at Emerald Downs.

Item #7. Any other business that may be properly brought before the Commission.

Commissioner George said that next month's meeting will be dealing with race dates, a hearing, and the replacement of the Executive Secretary due to Mr. Lopez's retirement.

Mr. Lopez also talked about the replacement for our vacant Commission seat. He said the Governor's office is in the process of deciding whether or not to reappoint the two existing members. He explained how interested persons could apply by going to the Governor's web page. The current vacancy on the Commission must also be a breeder of race horses with at least one year's standing. Anne Sweet said the Breeder's Board will meet next week and she will make sure this is on the agenda.

Ms. O'Connell asked what steps to take to keep Rep. Schmick as an ex-officio member. Rep. Schmick said this was an appointment by the Speaker of the House.

Chairman Colliton said that being elected to the Board of Directors of the ARCI he requested approval to send a Commissioner and the Executive Secretary to the ARCI meeting to be held on April 24-26, 2013 in New Orleans, Louisiana.

Commissioner George moved to send the Chairman and the Executive Secretary to the ARCI meeting in April. Chairman Colliton seconded the motion. Unanimously approved.

Commissioner George requested and made the motion to have a representative of the Commission attend the February 16 WTBOA awards dinner and any expense be reimbursed. Chairman Colliton seconded the motion. Unanimously approved.

Meeting adjourned. 11:14 A.M.

Robert J. Lopez, Executive Secretary

**Meeting Minutes
Special Commission Meeting
January 30, 2013**

The special meeting convened at 3:00 P.M. via telephone conference call. In attendance for the Commission were: Jeff Colliton, Chair; Paul George, Commissioner; Robert J. Lopez, Executive Secretary; Doug Moore, Deputy Secretary; Sharon Payant, Assistant Attorney General; and Patty Sorby, Confidential Secretary.

In attendance by the public was: Ron Crockett, President, Emerald Downs; Bob Fraser, VP Operations, Emerald Downs; MaryAnn O'Connell, Executive Director, WA Horseman's Benevolent & Protective Association; Lanna Allen, Secretary, WA Horseman's Benevolent & Protective Association.

Item #1. HB 1398 - A bill that would require money in the state lottery account be used for distribution to the state fair fund and the horse racing commission operating account to support youth programs through agricultural fairs and the horse racing commission.

Mr. Lopez explained to the Commission and public the proposed legislation and how the legislation would affect the Washington horse racing industry. The proposed legislation will amend sections of the RCW to authorize monies from the state lottery account to go to the state fair fund and the WHRC operating account. Each account would receive \$2.5 million in 2013. In subsequent years the annual distribution will equal two percent of the previous year. The

Commission would have the additional authority to spend monies out of its operating account to increase the size of purses for horse racing events, provide educational opportunities at horse racing facilities for children involved in 4-H and other horse owners involved in training, and marketing activities related to the horse racing industry.

Mr. Crockett said he had some major changes that had occurred yesterday with regard to the language in the proposed bill. These changes included (1) the WHRC would receive \$2.5 million in 2013, the funds could only be disbursed by an appropriation, and there would be two different funds each fund receiving \$2.5 million. The funds to go to the WHRC operating account would be used for WHRC operating expenses; increase size of purses; maintain and upgrade racing facilities (capital expenditures); marketing expenses to Class A race meets and would discontinue the one point three percent that Emerald Downs currently pays to the WHRC for operating expenses. Mr. Crockett urged the Commission support this legislation. Commission staff suggested the Commission support the legislation as explained by Mr. Crockett with a further discussion to be held during the next regularly scheduled meeting of the Commission on February 8, 2013.

Chairman Colliton moved to support the legislation in HB 1398. Commissioner George seconded the motion. Unanimously approved.

Item #2. Future Pool Wagering - Emerald Downs Request.

Bob Fraser, VP Operations for Emerald Downs requested in a letter the ability to take future wagers on the Kentucky Derby and the Kentucky Oaks. There would be three pools offered one in February and two in March. This request is the same as has been requested in prior years.

Commissioner George moved to approve future pool wagering for the Kentucky Derby and the Kentucky Oaks as requested. Chairman Colliton seconded the motion. Unanimously approved.

Meeting adjourned at 3:30 P.M.

Robert J. Lopez, Executive Secretary